

H.R. 4759, US-Australia Free Trade Agreement
Rep. Henry A. Waxman
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Mr. Speaker. Domestic healthcare policy should not be decided in trade agreements. That is why I rise in opposition to the U.S.-Australia Free Trade Agreement.

I strongly support the opportunity for increased trade with Australia, our closest ally and strongest economic partner in the Pacific rim. I support the agreement's strong protections for digital copyright, the elimination of tariffs on entertainment and media products, and improved market access for U.S. films and television via cable, satellite, and the Internet. I am deeply concerned, however, that this agreement also involves a deliberate effort to drive up drug prices in Australia and set precedents that could be used to undermine efforts to lower drugs prices here in the United States.

It is wrong for us to interfere with another country's domestic health policy, particularly when it comes to the affordability of medicine which is an equally sensitive issue here in the United States. I staunchly oppose provisions in this agreement that make it easier for pharmaceutical companies to challenge decisions made by the Australian Pharmaceutical Benefits Scheme, or PBS, a formulary system used by the Australian government to negotiate prices on behalf of its citizens and keep down drug costs. I am also concerned that the Bush Administration has set an irresponsible precedent that could bring scrutiny upon our own federally sponsored health programs like Medicare and the VA formulary system, which we rely upon to reduce drug prices for seniors, veterans, and the military.

This is special interest policymaking at its worst. The Bush Administration is letting the pharmaceutical industry use trade agreements to manipulate the drug laws of the United States and other countries in ways that the industry could not otherwise achieve.

For example, the Australia agreement codifies provisions of U.S. law that prohibit re-importation of medicines that are produced in the United States and sold at a discount in other countries. I strongly oppose the inclusion of this controversial issue in a trade agreement when it is the subject of ongoing Congressional debate. Bills currently under consideration in the Senate and already passed by the House of Representative will now be in technical violation of our trade obligations. Since the provision will have no actual impact because Australian law already prohibits wholesalers and pharmacists from exporting low-cost drugs procured through the PBS system, it appears that its sole purpose is to serve as a basis for the inclusion of similar provisions in future agreements.

Unfortunately, it is not just the Australia free trade agreement where these back door assaults on domestic healthcare programs are taking place. The U.S. has also negotiated trade agreements with Central America, Morocco, and Thailand that would significantly impede and delay access to cheaper generic drugs in these developing countries where the availability of quality healthcare is already limited and few can afford medicine. All of these efforts fit into the pharmaceutical industry's agenda to raise drug prices and profits around the world, even at the expense of saving lives.

Because of unique dynamics between the United States and Australia the net effects of this agreement on health programs may be negligible. But that doesn't mean they aren't bad policy and bad precedents. I am voting no on this agreement, which I would have liked to support, in order to register my strong protest against the Bush Administration's work with the pharmaceutical industry on provisions that sour an otherwise promising trade opportunity.

International trade has the potential to raise the standard of living and quality of life for millions of people around the world. To uphold that vision, we must work for future trade agreements that ensure that our citizens and our trading partners have the opportunity to experience the full benefits of free and fair trade.